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DOCUMENT 1-105/80

Report

drawn up on behalf of the Committee on Development  
and Cooperation

on the proposals from the Commission of the  
European Communities to the Council (Doc. 1-5/80)  
for regulations concerning food aid in 1980

Rapporteur: Mr V. MICHEL



By letter of 10 March 1980 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for regulations concerning food aid in 1980.

The President of the European Parliament referred these proposals to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions.

On 19 March 1980 the Committee on Development and Cooperation appointed Mr Barbi rapporteur. He was replaced by Mr Michel on 15 April 1980.

It considered these proposals at its meeting of 15 April 1980 and adopted the motion for a resolution and the explanatory statement with one abstention.

Present: Mr Poniowski, chairman; Mr Kühn, vice-chairman; Mr Michel, rapporteur; Mrs Bonino (deputizing for Mrs Castellina), Mr Cohen, Mr Enright, Mr Ferrero, Mr Flanagan (deputizing for Mr Messmer), Mrs Focke, Mr Lezzi, Mr Sabl , Mr Warner and Mr Wawrzik.

The opinions of the Committee on Agriculture and the Committee on Budgets are attached.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for regulations concerning food aid in 1980

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(80) 57 final),
  - having been consulted by the Council (Doc. 1-5/80),
  - having regard to the report by the Committee on Development and Cooperation and the opinions of the Committee on Agriculture and the Committee on Budgets (Doc. 1-105/80),
1. Welcomes the fact that, instead of waiting until the 1980 budget is adopted, the Commission of the European Communities has already submitted proposals for food aid programmes based on the quantities entered in the 1979 budget and financed under the provisional twelfths arrangement;
  2. Draws attention in particular to its opinion on the proposals for regulations on food aid in 1979<sup>1</sup> given the similarity between the present proposals and the 1979 programmes;
  3. Notes once again the serious imbalance between the quantities of food aid made available by the Community and the nutritional requirements of the developing countries;
  4. Notes that the Commission will submit new proposals for the allocation and management of aid if provision is made for additional quantities of food aid in the 1980 budget;
  5. Approves the fact that, for the first time, the Commission has supplemented its proposals for regulations with a report on the implementation of earlier food aid programmes;

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<sup>1</sup> OJ No C 127, 21.5.1979

6. Notes that, in response to Parliament's request in its resolution of 16 March 1979<sup>1</sup>, the Commission has entered the necessary appropriations for transporting food aid as a separate item in its preliminary draft budget for 1980, thus making it easier to identify these costs;
7. Calls on the Commission to increase its efforts to improve the internal management of food aid and to cope with the difficulties of forwarding it, so as to ensure that the aid provided actually reaches its destination; requests that the Commission departments concerned be given the additional staff needed to this end;
8. Considers that the Community should use as intermediaries only those bodies or agencies that submit to control by the Community;
9. Recalls that expenditure on food aid is non-compulsory expenditure and urges the Commission to come round to Parliament's legal point of view and recognize the non-compulsory nature of the expenditure;
10. Points out that, quite apart from the forthcoming consideration of the new draft budget for 1980, the European Parliament will have an opportunity to discuss all food aid problems in detail when it deals with the report on hunger in the world;
11. Reiterates the need for the Community to have a basic regulation for the management of food aid, and therefore asks the Council to adopt at long last the relevant proposals submitted by the Commission and amended by the European Parliament in its resolution of 16 March 1979;
12. Requests that the proposed Management Committee be granted purely consultative powers (as in the case of the European Social Fund);
13. Points out that, if the Council chooses to depart from this opinion, the conciliation procedure should be initiated.

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<sup>1</sup> OJ No. C 93, 9.4.1979

EXPLANATORY STATEMENTINTRODUCTION

The Commission's proposals concerning food aid for 1980 must be considered in the light of:

- the absence of a budget for the 1980 financial year,
- the forthcoming consideration by the European Parliament of the new draft budget for 1980,
- the fact that the Council of Ministers has still not adopted the proposals for a regulation on the management of food aid,
- the forthcoming publication by the Court of Auditors of a special report on food aid,
- and, finally, the preparation by our committee of a report on the problems relating to hunger in the world.

In view of these facts, the Committee on Development and Cooperation's report on the proposals for regulations concerning food aid in 1980 differs substantially from previous reports on the subject. Each of the above factors has a direct bearing on our committee's present views on the food aid programme for 1980.

I. FOOD AID ALLOCATION SAME AS IN 1979 BUDGET

The Commission has put forward these proposals because there is as yet no budget for 1980. Their purpose is to enable the Commission to implement a food aid programme for the current year before the 1980 budget is finally adopted. This means that the quantities of food aid which the Commission proposes to allocate are the same as those in the 1979 programme and will be financed under the provisional twelfths arrangement. However, the Commission has announced that if the level of food aid fixed in the 1980 budget is higher than that for 1979, it will draw up additional implementing proposals. Any indication of how such additional quantities would be allocated is given in Appendix I of the Commission's document.

The proposed quantities of food aid:

	Budget 1979	Preliminary draft budget 1980	Draft budget 1980	First reading by EP in Nov. 1979	Commission's new proposals for 1980
Cereals	720,500t	1,135,000 t (of which 100,000 t of rice) <sup>1</sup>	720,500 t (of which 100,000 t of rice) <sup>1</sup>	1,020,000t (of which 100,000 of rice) <sup>1</sup>	1,135,000t (of which 100,000t of rice) <sup>1</sup>
Skimmed milk powder	150,000t	150,000 t	150,000 t	150,000t	150,000 t
butteroil	45,000t	65,000 t	45,000 t	45,000t	65,000 t
<sup>1</sup> 100,000t of rice = 200,000 tonnes of other cereals					

It should also be noted that the Committee on Development and Cooperation submitted amendments which would have increased the quantities of food aid for 1980 to:

- 1,800,000 tonnes of cereals, including 187,500 tonnes of rice and
- 200,000 tonnes of skimmed milk powder,
- and reinstated the 65,000 tonnes of butteroil proposed by the Commission.

These amendments were not adopted by the European Parliament at the first reading of the draft budget for 1980.

The above table shows that if the same quantities of aid are allocated as in 1979, the regulations proposed by the Commission for 1980 pending the adoption of the budget will make provision for:

- 720,500 tonnes of cereals,
- 150,000 tonnes of skimmed milk powder
- and 45,000 tonnes of butteroil.

The Commission has stated that, as in previous years, three main criteria were applied in deciding how to allocate the food aid, namely:

- nutritional requirements,
- per capita GNP, and
- each country's external financial position.

On the basis of these criteria, the aim of which is to identify the poorest and neediest countries, the Commission has arrived at the following proposals for direct aid to the latter:

- cereals: 90.74%
- skimmed milk powder: 82.16%
- butteroil: 89.34%



Your rapporteur does not feel there is any need to study in greater depth the Commission's proposals for allocating aid as this was done in respect of identical quantities in 1979 and would simply mean repeating the report submitted at that time by Mr Broeks<sup>1</sup>. Paragraph 10 of the resolution adopted on 27 April 1979 by the European Parliament<sup>2</sup> following presentation of this report states that Parliament 'Agrees with the Commission's criteria for distribution since some 90% of the aid is to be concentrated on the poorest countries but would like these criteria to be applied as flexibly as possible since demand far exceeds the available quantities.'

The serious imbalance between **the quantities requested** and the quantities proposed is clearly reflected in the proposed programmes for 1980. The figures are as follows:

- cereals: 2,547,000 tonnes **requested** as against 720,500 tonnes **proposed**
- skimmed milk powder: 295,287 tonnes **requested** as against 150,000 tonnes **proposed**,
- butteroil: 143,217 tonnes **requested** as against 45,000 tonnes **proposed**.

In analysing these figures, account must of course be taken of a certain tendency on the part of the applicant countries to over-estimate their requirements, mainly because of a lack of data on the results of the harvests at the time the applications are submitted. Furthermore, even where the quantities requested are in line with actual requirements, many of the countries would not have the capacity to put such large amounts of food aid, particularly skimmed milk powder and butteroil, to the best use. While your rapporteur is aware of these difficulties, he must emphasize once again the urgent need for the Community at long last to adapt its food aid to the realities of the current world food supply situation. The figures quoted by the Commission by way of example speak for themselves. In 1976 it was estimated that the developing countries would have to import 62.5 million tonnes of cereals. The figure has risen to 81.4 million tonnes for 1980.

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<sup>1</sup>Doc. 121/79

<sup>2</sup>Resolution - OJ No. C 127, 21.5.1979

## II. FOOD AID IN 1980 AND THE EUROPEAN PARLIAMENT'S FUTURE POSITION

As stated earlier, this report is not the place for our committee and hence the European Parliament to propose changes in the quantities of food aid. The Commission stresses the imbalance between requirements and the quantities available, but at the same time is powerless to do anything other than continue aid at the 1979 budget levels.

The European Parliament, however, will shortly have a first opportunity to make its views known when the new draft budget for 1980 is discussed.

The European Parliament will have a second opportunity to consider the problem of food aid, this time in detail, when the report on hunger in the world currently being prepared by our committee is submitted. The Court of Auditors' special report on food aid will most probably also be available by then. Your rapporteur feels it would be inappropriate at this stage for him to anticipate the contents of these reports or the position which the European Parliament will adopt. However, he can join the Commission in drawing attention to the fact that if no additional food aid is approved (compared with 1979), 1980 will be the fifth consecutive year in which no significant increase has been made in the Community's programme.

## III. THE COUNCIL'S FAILURE TO ADOPT A REGULATION ON THE MANAGEMENT OF FOOD AID

On 11 January 1979 the Council received from the Commission a proposal for a regulation on the management of food aid. No decision has yet been taken. Furthermore, on 16 March 1979, after Mr Lezzi had submitted a report<sup>1</sup> drawn up by our committee, the European Parliament adopted an opinion<sup>2</sup> on the Commission's proposal. While it approved the main lines

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<sup>1</sup>Doc. 669/78

<sup>2</sup>OJ No. C 139, 5.6.1979

of the proposal for a regulation, the European Parliament insisted that the Food Aid Management Committee provided for in these proposals should operate only in an advisory capacity and should not therefore have a right of veto. This raises again the general problem of the nature and powers of the various committees which manage Community policies - a problem which has led to the opening of the conciliation procedure between the Council and the European Parliament in connection with the proposal for a basic regulation on aid to the non-associated developing countries.

Paragraph 12 of the resolution adopted on 16 March 1979 also states that the European Parliament 'Calls for the initiation of the conciliation procedure with the Council and the Commission should the Council depart from the opinion of the European Parliament'.

It is clear that the absence of a basic regulation on the management of food aid makes it much more difficult to implement the policy, a fact which the Commission stresses in its document. It is therefore a matter of urgency to continue and bring to a rapid close the current conciliation procedure on aid to the non-associated developing countries so that work can now be resumed on all the cases suspended because of the disagreement regarding the powers of the management committees.

The difficulties which the Commission faces at present in implementing the aid programmes emerge in the short report on the application of food aid in 1979. They are partly due to a shortage of staff in the departments concerned.

By including a report of this kind in its document the Commission is complying at long last with a request made a very long time ago by the European Parliament. Your rapporteur welcomes this development, but hopes that in future these reports on the application of aid will be a little less 'succinct'.

Mention has been made of the additional difficulties faced by the Commission in administering food aid because of the absence of a management regulation. These difficulties are largely attributable to the fact that, as matters now stand the Council takes its decisions too late, thus leaving the Commission very little time to implement the annual programmes. The tables set out in Appendix II of the Commission's document show the effects of this situation. At 15 January 1980 the following amounts of food aid were left over from earlier programmes:

cereals programme 1978/79	:	140,050 t <sup>1</sup>	out of a total of 720,500t
" " 1977/78	:	4,500 t	" " " " 720,500t
skimmed milk powder programme 1979	:	58,699 t	" " " " 150,000t
" " " " 1978	:	14,775 t	" " " " 150,000t
" " " " 1977	:	4,650 t	" " " " 105,000t
butteroil programme 1979	:	7,598 t	" " " " 45,000t
" " 1978	:	1,280 t	" " " " 45,000t
" " 1977	:	1,550 t	" " " " 45,000t

According to the Commission (page 5) 'This table shows that considerable progress has been achieved in 1979 in reducing carry over from old programmes and advancing deliveries in the current programme. If the same rate of progress is achieved in 1980 it may be possible to present the 1981 programme with no unplanned carry over from previous years'.

Your rapporteur does not feel that this optimism is necessarily justified. The carry-overs for the 1979 programme shown above are large enough to bear out our committee's concern regarding the procedures for implementing food aid in the absence of a basic regulation despite the Commission's assertion (see page 4) that it 'has tried throughout 1979 to work within the spirit of the proposed new procedures'. The Commission is, of course to be congratulated for trying to apply in advance procedures on which the Council has failed to take a decision for more than a year. Nevertheless, no amount of goodwill on the part of the Commission is sufficient to alleviate the harm caused by the absence of a regulation on the management of food aid.

Before ending this section of the report, mention must also be made of the progress achieved in 1979 and the improvements expected in the future as regards the transport of food aid. When considering the preliminary draft budget for 1980 the European Parliament noted that the Commission had for the first time entered a special item for transport under Chapter 92 with the result that costs can be monitored more effectively.

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<sup>1</sup>including 78,700t left over as a result of the interruption of aid to Vietnam

## CONCLUSIONS

As was stated in the introduction to this report, the proposals for regulations concerning food aid in 1980 do not in themselves call for much comment by our committee in view of the special circumstances in which they were prepared.

At this stage, pending the European Parliament's adoption of a position on the 1980 budget and the problem of hunger in the world, the main point worth stressing is that it is imperative for the Community to have a regulation for the management of food aid as soon as possible so that it can implement future programmes effectively. Your rapporteur did not feel that he should deal with the contents, scope and objectives of these programmes, since our committee is currently preparing a report on hunger in the world which will deal in full with these aspects.

I do, however, feel it necessary to indicate, at the end of this report, certain important guidelines which must govern the recasting of our food aid policy:

- in future we must launch multiannual food aid programmes in close liaison with rural development projects;
- as requested by the European Parliament on several occasions (Aigner and Broeks reports - 1978 and 1979) our food aid must increasingly be incorporated into development strategies; in this context it is worth remembering the valuable experience acquired by the EEC through its participation in the Flood I and II operations in India;
- the primary objective of our food aid, as has been rightly reaffirmed in Article 89 of the new Convention of Lomé, is to achieve self-sufficiency in food production in the developing countries; this aid must therefore be better combined with the normal instruments of financial and technical cooperation;
- finally, food aid must make a greater contribution than hitherto to safeguarding the food supplies to the population of the third world, particularly for people living in rural areas, by encouraging the storage of foodstuffs at local level and, in the longer term it must also make a more effective contribution to the formation of adequate international reserves of cereals in close cooperation with the World Food Council.

OPINION OF THE COMMITTEE ON AGRICULTURE

Letter from the Chairman of the Committee on Agriculture, Sir Henry PLUMB, to Mr PONIATOWSKI, Chairman of the Committee on Development and Cooperation.

Brussels, 19 March 1980

Dear Mr Chairman,

At its meeting of 17, 18 and 19 March 1980 in Brussels, the Committee on Agriculture<sup>1</sup> considered the communication from the Commission of the European Communities to the Council concerning food aid programmes for 1980 (COM (80) 57 final).

The Commission has assumed that, in the first instance, the same quantities of food aid will be delivered in 1980 as in 1979. The quantities proposed are 720,500 tonnes of grain, 150,000 tonnes of skimmed milk powder and 45,000 tonnes of butteroil. Although the European Parliament is of the opinion that the amount of grain should be raised to 1,020,500 tonnes, the Council has resisted any increases beyond the 1979 quantities.

It is nevertheless of great importance that a start should be made as soon as possible on implementing the 1980 programme, and for this reason the Commission has submitted an initial programme restricted to the 1979 quantities. As soon as the budget for 1980 has been approved, and in so far as it may contain increased funds for food aid, the Commission will propose a supplementary programme for 1980.

The additional consignments made possible by the new 1980 budget should bring the total amount of food aid in the form of grain up to the 1,020,500 tonnes requested by the European Parliament on the basis of its amendments to the preliminary draft budget. The Committee on Agriculture feels strongly that as soon as the budgetary procedure allows, Community food aid should be increased to a higher level than in 1979. It fully appreciates that food aid as such is not a flexible instrument of development policy, but in view of the increasing grain needs and the rising demand, it feels that food aid deliveries on a broad scale are still essential, though they must be considered in the context of a dynamic overall development policy.

The Commission has acted in a number of different ways to bring about improvements in the overall system for granting and administering food aid, and in this it has been supported by the European Parliament, although the Council has not been prepared to make the necessary funds available. It should also be pointed out that the criteria for the allocation of food aid are need, per capita GNP and the external financial situation of the country.

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<sup>1</sup>Present: Sir Henry Plumb, chairman; Mr Fröh, vice-chairman; Mr Battersby, Mr Blaney (deputizing for Mr Skovmand), Mr Bocklet, Mrs Brookes (deputizing for Mr Kirk), Mr Costanzo (deputizing for Mr Diana), Mr Dalsass, Mr De Keersmaecker (deputizing for Mr Tolman), Mr Helms, Mr Key (deputizing for Mr Lynge), Mr Louwes (deputizing for Mr Caillavet), Mr Maher, Mr Mertens (deputizing for Mr Clinton), Mr d'Ormesson, Mr Provan, Mr Wettig and Mr Woltjer.

These criteria must naturally be applied with great flexibility, especially in cases where a country is unexpectedly confronted with a major problem such as an influx of refugees or a natural disaster.

Unfortunately it is precisely in the poorest countries that it has proved hardest to get food supplies to their intended destination, owing to the absence of a developed infrastructure, especially in transport, and the inadequacy of distribution channels. The capacity to absorb skimmed milk powder is, moreover, limited by the lack of sufficient processing plants. Food aid in the form of dairy products is nevertheless essential to help reduce the enormous protein deficiencies prevalent in poor countries. It is therefore important for the Commission to be able to count on the support of international organizations which have specialized in this form of food aid when distributing dairy products.

Pending the expansion of the food aid programmes to the quantities recommended by the European Parliament, and pending proposals to supplement the existing programmes, the Committee on Agriculture is prepared to approve the food aid measures.

(sgd) Sir Henry PLUMB

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mr S. FLANAGAN

On 19 March 1980 the Committee on Budgets appointed Mr FLANAGAN draftsman of an opinion on the communication from the Commission to the Council concerning food aid programmes for 1980 (COM(80) 57 final).

The Committee considered the draft opinion at its meetings of 26 March 1980 and 14 April 1980 and at the latter meeting adopted it unanimously with one abstention.

Present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mr Rossi, vice-chairman; Mr Spinelli, vice-chairman; Mr Flanagan, rapporteur; Mr Baillot, Mr Barbi, Mr Bonde, Mr Dankert, Mr Forth, Mr Gouthier, Mr Hord, Mr Langes, Lord O'Hagan, Mr Schon, Mrs Schrivener, Mr Simonnet, Mr John Mark Taylor and Mr Tuckman.



## INTRODUCTION

- (a) The proposal from the Commission on which the Committee on Budgets has been asked for an opinion, this year again contains the Commission's proposal to the Council for a new food aid programme. This programme concerns supplies of cereals, skimmed milk powder and butteroil to the neediest countries in the world.
- (b) This programme has been submitted relatively late and is based on the 1979 quantities as the budget for 1980 has not yet been adopted. The Commission thereby wishes to implement this programme 'without delay' employing the system of 'provisional twelfths'.
- (c) In general it is to be welcomed that the Commission has now acceded to the view of the European Parliament and is adhering to the budgetary procedure when fixing the level of annual food aid.
- (d) On the other hand, the special situation created by the lack of a budget this year means that this can only be a provisional programme which will need to be augmented by an additional programme once the budget for 1980 is finally adopted. This opinion, therefore, and possibly Parliament's complete report, can only be regarded as an interim report. Your draftsman can thus only deal once again with a few specific problems in this sector and wishes to restrict his remarks to basic issues.

### THE PROGRAMME PROPOSED BY THE COMMISSION FOR 1980 UNTIL THE 1980 BUDGET HAS BEEN ADOPTED

1. Within a decade (1968-1978) Community food aid has grown considerably: In 1968 it consisted solely of cereals with a volume of 301,000 t to a value of US \$ 19,643,000 destined for six beneficiary countries and two organizations. By 1978 it had grown to 720,500 t of cereals, 150,000 t skimmed milk powder and 45,000 t butteroil representing approximately 221.2 million EUA. These were sent to some 40 beneficiary countries and over half a dozen international organizations. These countries and organizations are listed in the annex.
2. At the same time it should be pointed out that the quantities cited for 1978 have now remained constant for the last five years although demand from the developing countries has risen.

3. We can only hope that once the 1980 budget is adopted, there will be, for the first time, provision for higher quantities than in previous years. In its preliminary draft budget for 1980 the Commission proposed a far more extensive food aid programme, particularly in relation to cereals (1,135,000 t). In its draft, the Council reduced this to a figure which was even below that of the previous year (620,500 t) and during the budget deliberations opposed any increase above the 1979 level.

In view of its limited powers in relation to non-compulsory expenditure, of which these are considered to form a part, the European Parliament, in its first reading on 7 November 1979, only reinstated a partial amount of approximately 300,000 t. The specific amounts involved are as follows:

in tonnes

	1979 level	Amounts proposed in draft 1979 budget by the Commission	Parliament compromise	Provisional Commission proposal for 1980
Cereals	720,500	1,135,000	1,020,500	720,500
Skimmed milk powder	150,000	150,000	150,000	150,000
Butteroil	45,000	65,000	45,000	45,000

The following table shows the cost of food aid proposed in the Commission's provisional programme for 1980:

in million EUA

	Cost 'World Market Price'	Export refunds	Transport costs	Total
Cereals	83,448,000	51,750,000	24,300,000	159,498,000
Skimmed milk powder	72,453,000	123,347,000	21,313,000	217,113,000
Butteroil	54,263,000	121,433,000	6,580,000	182,276,000
Total	210,164,000	296,530,000	52,193,000	558,887,000

4. It should, however, be pointed out that, as the Commission itself states, these figures are still based on the agricultural prices which were decided upon by the Council in June 1979 and which were in effect for the financial year 1979/1980. As soon as the new farm prices have been fixed for 1980/81 and new estimates are available for world market prices, the financial statements on page 22 et seq. of the Commission proposal, which it may be noted in passing are extremely detailed, will have to be amended. For this reason too, therefore, this present assessment by the Committee on Budgets must necessarily be merely provisional.

## PROBLEMS IN FOOD AID

5. The European Parliament, or its Committee on Development and Cooperation and its Committee on Budgets, have referred on a number of occasions in the past to the basic problems and requirements in relation to food aid. Thus it has been stressed time and again that
  - expenditure on food aid represents non-compulsory expenditure,
  - the ultimate level of food aid must be determined by the amounts fixed in the course of the budget procedure,
  - major improvements are needed in the management of food aid by the Commission<sup>1</sup>
6. In the documents cited Parliament has repeatedly referred to the fact that food aid represents non-compulsory expenditure, since it is based on Article 235 of the Treaty and is not an inevitable consequence of a legal act of the Community. Despite this the Commission constantly proposes food aid as compulsory expenditure. It is time for the Commission to accept at last the legal arguments of Parliament and concede that the expenditure is non-compulsory.
7. On the other hand there are grounds for satisfaction in the fact that with its food aid programme for 1979, the Commission has recognized for the first time that the ultimate level is determined by the budgetary decisions of the budgetary authorities, i.e. the Council and Parliament.
8. A new Commission regulation on the management of food aid, which contains major improvements as regards the implementation of food aid, a redistribution of decision-making powers between the Council and the Commission inter alia, some welcome elements of development policy, was submitted in June 1978 and amended on the basis of improvements proposed by Parliament in January 1979. Since then this Commission proposal for a regulation has been with the Council without any prospect of a decision.
9. The Committee on Budgets must once again urge the Council to issue this regulation. Its last opinion on the 1979 programme had already called for the conciliation procedure with the Council to be instituted before 30 April 1979. The indirectly elected Parliament was unable to deal with this before the direct elections. Now that direct elections have taken place and Parliament's business is being conducted normally, the initiative to institute the conciliation procedure has been seized again.

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<sup>1</sup> See also the reports by Parliament in Docs. 320/78, 414/78, 669/78 and 121/79

10. Other problems in relation to food aid, which your draftsman wishes to mention, but which cannot be dealt with exhaustively here, have become particularly apparent in the course of work by the Committee on Budgetary Control, especially in relation to the procedure for granting a discharge.
11. One of these problems, as in so many areas of Community activity, is the delay in implementing programmes or distributing the resources available: a major proportion of the quantities allocated is not distributed in the financial year for which they are planned. This will also be the case in the 1979 financial year. The Commission, however, has given assurances that the process was speeded up and improved last year. Thus by 31.12.1979 rough estimates show that approximately 750,000 t of cereals had been delivered. In the case of skimmed milk powder, the figures exceed the annual total by many times (from earlier programmes) and amount to approximately 220,000 t. Some 60,000 t of butteroil were delivered.
12. A further problem which is also dealt with in the Commission's proposal to the Council on the management of food aid is the problem of transport. Several irregularities have occurred in that entire shiploads have disappeared without trace or food has either failed to reach its destination and/or been used for other purposes. The Community should not continue to supply food aid to those beneficiaries where such aid consistently fails to reach its destination. The Committee asks the Committee on Development and Cooperation to consult the Committee on Budgetary Control on these problems.
13. The Commission's problems of supervision are linked with this. The Commission must be given sufficient supervisory powers over the implementation of food aid. It is unacceptable that they should regard their task as completed once the food has been loaded. Moreover it will be necessary for the Commission to study and analyze the effects of food aid adequately and for this to be viewed in the overall context of a development aid policy.
14. While the Committee on Budgets is only responsible for assessing the financial consequences of the Community's food aid programme, this nonetheless necessarily includes an assessment of the economic efficiency and effectiveness of food aid. The Committee on Budgets has therefore requested the Court of Auditors to draw up a report on the economic efficiency and effectiveness of food aid and its resource cost to the Community. The Committee will examine the Court's conclusions subsequently.

## CONCLUSIONS

15. The Committee on Budgets calls on the Committee for Development and Cooperation as the Committee responsible to take account of the following conclusions in its motion for a resolution:

The Committee on Budgets,

- (a) aware that the Commission's proposal represents a provisional programme since the 1980 budget has not yet been adopted, and that the final amounts for food aid for 1980 will be decided through the 1980 budgetary procedure,
  - (b) deploring the fact that the Council has still not decided upon the regulation on the management of food aid which it has now had before it for well over a year.
  - (c) whereas serious control problems exist in the food aid sector,
  - (d) aware that the Court of Auditors is currently examining these control problems and will submit a report to Parliament on them,
  - (e) pointing out that it has now requested the Court of Auditors to prepare a report on the economic efficiency and effectiveness of food aid and its resource cost for the Community,
- 
- 1. Underlines that food aid expenditure is non-compulsory: demands that the Commission at last accept Parliament's legal arguments and concede that the expenditure is non-compulsory;
  - 2. Demands that the conciliation procedure be opened immediately on the regulation on the management of food aid so that the proposals amended by Parliament can be adopted without further delay;
  - 3. Underlines, in this context, that the proposed Management Committee should be of a purely consultative kind (European Social Fund type);
  - 4. Asks the Commission to present as quickly as possible, and before a definitive decision is taken on 1980 aid programmes, a report on the social and economic effectiveness of Community food aid programmes;
  - 5. Considers that the Commission should carefully examine the question of ceasing to supply food aid to those beneficiaries where such aid fails to reach its destination: believes that the Community should only use as intermediaries any organisation or agency which submits itself to Community control.

6. Calls upon the Commission to increase its efforts to improve the internal administration of food aid, and to tackle problems arising from the transport of such aid in order to **guarantee that food aid** supplied actually reaches its proper destination;
7. Considers that the Council regulations should clearly show that the amounts of food aid proposed are provisional and will finally be determined during the concluding stages of the 1980 budgetary procedure.

ANNEX

Cereals Food Aid Programme for 1980

Recipient countries and agencies	Cereals allocated t	Arrangements for financing
<u>COUNTRIES</u>		
Afghanistan	token entry	token entry
Angola	token entry	token entry
Bangladesh	105 000	port of unloading
Benin	5 000	port of loading
Bolivia	token entry	token entry
Cape Verde	7 000	port of unloading
Central African Rep.	token entry	token entry
Comoros	4 000	port of unloading
Djibouti	2 000	port of unloading
Egypt	100 000	port of loading
Ethiopia	15 000	port of unloading
Gambia	2 500	port of loading
Ghana	5 000	port of loading
Guinea	7 000	port of unloading
Guinea-Bissau	7 000	port of unloading
Equatorial-Guinea	2 000	port of unloading
Guyana	1 000	port of loading
Upper Volta	token entry	token entry
Honduras	3 000	port of loading
Jamaica	1 000	port of loading
Jordan	14 000	port of loading
Kenya	5 000	port of loading
Lesotho	3 000	fad
Lebanon	10 000	port of loading
Madagascar	12 000	port of loading
Maldives	1 500	port of loading
Nali	8 000	fad
Niger	token entry	token entry
Mauritania	7 000	port of unloading
Mozambique	token entry	token entry
Nicaragua	token entry	token entry
Uganda	token entry	token entry
Pakistan	50 000	port of loading
Péru	3 500	port of loading
Philippines	3 000	port of loading
Rwanda	2 000	fad
Sao Tome/Principe	2 000	port of unloading
Senegal	7 000	port of loading
Sierra Leone	5 500	port of unloading
Somalia	15 000	port of unloading
Sudan	5 000	port of loading
Sri Lanka	20 000	port of loading
Swaziland	1 000	fad
Syria	1 000	port of loading
Tanzania	15 000	port of loading
Chad	4 000	fad
Vietnam	token entry	token entry
Zaire	token entry	token entry
Zambia	10 000	fad
Yemen A.R.	token entry	token entry

See pages taken from annexes of the Commission's proposals.

<u>AGENCIES</u>		
ICRC	15 000	fad
CARITAS (Haiti and Chile)	48 500	fad
LICROSS	1 500	fad
UNHCR (S.E. Asia)	7 000	fad
UNRWA	40 000	fad
WFP (Projects)	45 000	fad
WFP (Relief)	20 000	fad
WFP (Kampuchea)	35 000	fad
<u>RESERVE</u>	78 500	fad
TOTAL	720 500	
	*****	



ANNEX  
SKIMMED-MILK POWDER FOOD-AID PROGRAMME 1980

Recipient countries and bodies	Quantities allocated (tonnes)	Arrangements for financing
<b>COUNTRIES</b>		
Afghanistan	p.m.	
Angola	p.m.	
Burundi	100	Free at destination
Central Afrika	200	Free at destination
Chad	p.m.	
Comores	800	Port of unloading
Egypt	7.000	Port of shipment
El Salvador	700	Port of shipment
Equateur	500	Port of shipment
Ethiopie	2.700	Port of unloading
Ghana	2.500	Port of shipment
Guinee Bissau	p.m.	
Guinee Equatoriale	p.m.	
Guyana	500	Port of shipment
Honduras	2.000	Port of shipment
India	31.000	Port of unloading
Indonesia	625	Port of shipment
Jamaica	1.000	Port of shipment
Jordan	1.500	Port of shipment
Lebanon	1.100	Port of shipment
Lesotho	300	Free at destination
Madagascar	p.m.	
Mali	300	Free at destination
Malta	250	Port of shipment
Mauritania	1.000	Port of unloading
Mozambique	p.m.	
Nicaragua	1.000	Port of shipment
Pakistan	750	Port of shipment
Peru	1.000	Port of shipment
Philippines	1.000	Port of shipment
Republic of Cape Verde	400	Port of unloading
Rwanda	600	Free at destination
Sao Tome	50	Port of unloading
Senegal	1.860	Port of shipment
Sierra Leone	1.000	Port of unloading
Somalia	2.200	Port of unloading
Sri Lanka	500	Port of shipment
Syria	600	Port of shipment
Tanzania	2.000	Port of shipment
Thailande	3.000	Port of shipment
Upper Volta	2.000	Free at destination
Vietnam	p.m.	
Yemen (PDR)	p.m.	
Zaire	p.m.	
Zambia	1.500	Free at destination
<b>BODIES</b>		
Caritas Germ.	3.000	Free at destination
ICRC	3.000	Free at destination
LICROSS	2.000	Free at destination
UNHCR	3.500	Free at destination
NGO	25.000	Free at destination
UNRWA	1.550	Free at destination
WFP	30.000	Free at destination
RESERVE	8.415	(1)
TOTAL	150.000	
	=====	

(1) Emergency schemes may include financing to cover the cost of transport between the port of shipment and the place of destination and the cost of distribution where aid is channelled via a specialised body. Such financing may be wholly or partly in the form of a lump sum contribution.

## ANNEX

## BUTTEROIL FOOD-AID PROGRAMME 1980

Recipient countries and bodies	Quantities allocated (tonnes)	Arrangements for financing
<u>COUNTRIES</u>		
Afghanistan	p.m.	
Bangladesh	3.000	Port of unloading
Burundi	50	Free at destination
Central Africa	p.m.	
Chad	p.m.	
Egypt	2.800	Port of shipment
El Salvador	200	Port of shipment
Ethiopia	1.000	Port of unloading
Ghana	200	Port of shipment
Guinea Bissau	p.m.	
Guinea Conakry	200	Port of unloading
Guinea Equatoriale	p.m.	
Guyana	100	Port of shipment
Honduras	515	Port of shipment
India	12.700	Port of unloading
Jamaica	200	Port of shipment
Jordan	1.125	Port of shipment
Lebanon	700	Port of shipment
Lesotho	50	Free at destination
Mali	200	Free at destination
Mauritania	500	Port of unloading
Mozambique	p.m.	
Pakistan	1.000	Port of shipment
Peru	500	Port of shipment
Republic of Cape Verde	250	Port of unloading
Rwanda	200	Free at destination
Sao Tomé	200	Port of unloading
Sierra Leone	200	Port of unloading
Somalia	600	Port of unloading
Sri Lanka	200	Port of shipment
Sudan	200	Port of shipment
Syria	200	Port of shipment
Tanzania	400	Port of shipment
Thailande	286	Port of shipment
Upper Volta	100	Free at destination
Vietnam	p.m.	
Zambia	500	Free at destination
Zaire	p.m.	
<u>BODIES</u>		
Caritas Germ.	500	Free at destination
ICRC	1.000	Free at destination
ICROSS	500	Free at destination
UNHCR	1.500	Free at destination
UNRWA	3.900	Free at destination
WFP	5.000	Free at destination
WGO	1.000	Free at destination
RESERVE	3.224	(1)
TOTAL	45.000	
	=====	

(1) Emergency schemes may include financing to cover the cost of transport between the port of destination and the cost of distribution where aid is channelled via a specialised body. Such financing may be wholly or partly in the form of a lump sum contribution.